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**HOUSE BILL 682**

**46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003**

**INTRODUCED BY**

Andy Nuñez

**AN ACT**

**RELATING TO TAXATION; PROVIDING ADDITIONAL GROSS RECEIPTS AND  
COMPENSATING TAX DEDUCTIONS AND EXEMPTIONS RELATED TO SPACE  
VEHICLES; PROVIDING A GROSS RECEIPTS TAX DEDUCTION FOR CERTAIN  
TESTING SERVICES AND A COMPENSATING TAX DEDUCTION FOR THE USE  
OF CERTAIN MATERIALS OR DEVICES USED IN RESEARCH OR TESTING;  
AMENDING AND ENACTING SECTIONS OF THE GROSS RECEIPTS AND  
COMPENSATING TAX ACT.**

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:**

**Section 1. A new section of the Gross Receipts and  
Compensating Tax Act, Section 7-9-26.1 NMSA 1978, is enacted to  
read:**

**"7-9-26.1. [NEW MATERIAL] EXEMPTION--GROSS RECEIPTS TAX  
AND COMPENSATING TAX--FUEL FOR SPACE VEHICLES. --**

**A. Exempted from the gross receipts tax are the**

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1 receipts from selling fuel, oxidizer or a substance that  
2 combines fuel and oxidizer to propel space vehicles or to  
3 operate space vehicle launchers.

4 B. Exempted from the compensating tax is the use of  
5 fuel, oxidizer or a substance that combines fuel and oxidizer  
6 to propel space vehicles or to operate space vehicle  
7 launchers. "

8 Section 2. Section 7-9-30 NMSA 1978 (being Laws 1969,  
9 Chapter 144, Section 23, as amended) is amended to read:

10 "7-9-30. EXEMPTION--COMPENSATING TAX--RAILROAD EQUIPMENT,  
11 ~~[AND] AIRCRAFT AND SPACE VEHICLES.~~ --

12 A. Exempted from the compensating tax is the use of  
13 railroad locomotives, trailers, containers, tenders or cars  
14 procured or bought for use in railroad transportation.

15 B. Exempted from the compensating tax is the use of  
16 commercial aircraft bought or leased primarily for use in the  
17 transportation of passengers or property for hire in interstate  
18 commerce.

19 C. Exempted from the compensating tax is the use of  
20 space vehicles for transportation of persons or property in, to  
21 or from space. "

22 Section 3. A new section of the Gross Receipts and  
23 Compensating Tax Act, Section 7-9-46.1 NMSA 1978, is enacted to  
24 read:

25 "7-9-46.1. [NEW MATERIAL] DEDUCTION--GROSS RECEIPTS--

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1 MANUFACTURING SPACE VEHICLES. --

2 A. Receipts from manufacturing space vehicles or  
3 components thereof may be deducted from gross receipts.

4 B. Receipts from selling the service of combining  
5 or processing ingredient or component parts of a space vehicle  
6 may be deducted from gross receipts. "

7 Section 4. Section 7-9-54.2 NMSA 1978 (being Laws 1995,  
8 Chapter 183, Section 2, as amended) is amended to read:

9 "7-9-54.2. GROSS RECEIPTS-- DEDUCTION-- SPACEPORT  
10 OPERATION-- SPACE OPERATIONS-- LAUNCHING, OPERATING AND  
11 RECOVERING SPACE VEHICLES OR PAYLOADS-- PAYLOAD SERVICES. --

12 A. [~~For the period from July 1, 2001 through~~  
13 ~~June 30, 2006~~] Receipts from launching, operating or recovering  
14 space vehicles or payloads in New Mexico may be deducted from  
15 gross receipts.

16 B. [~~For the period from July 1, 2001 through~~  
17 ~~June 30, 2006~~] Receipts from preparing a payload in New Mexico  
18 are deductible from gross receipts.

19 C. [~~For the period from July 1, 2001 through~~  
20 ~~June 30, 2006~~] Receipts from operating a spaceport in New  
21 Mexico are deductible from gross receipts.

22 D. As used in this section:

23 (1) "payload" means a system, subsystem or  
24 other mechanical structure or material to be conveyed into  
25 space that is designed, [and] constructed or intended to

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1 perform a function in space;

2 (2) "space" means any location beyond  
3 altitudes of sixty thousand feet above the earth's mean sea  
4 level;

5 (3) "space operations" means the process of  
6 commanding and controlling payloads in space; and

7 (4) "spaceport" means an installation and  
8 related facilities used for the launching, landing, operating,  
9 recovering, servicing and monitoring of vehicles capable of  
10 entering or returning from space.

11 E. Receipts from the sale of tangible personal  
12 property that will become an ingredient or component part of a  
13 construction project or from performing construction services  
14 may not be deducted under this section. "

15 Section 5. A new section of the Gross Receipts and  
16 Compensating Tax Act, Section 7-9-54.4 NMSA 1978, is enacted to  
17 read:

18 "7-9-54.4. [NEW MATERIAL] DEDUCTION--GROSS RECEIPTS--  
19 TESTING SERVICES AT FEDERALLY OWNED FACILITIES.--

20 A. Receipts from testing services at a federally  
21 owned facility on a federal reservation may be deducted from  
22 gross receipts.

23 B. As used in this section:

24 (1) "federal reservation" means any single  
25 federal reservation extending into five or more New Mexico

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1 counties together with any contiguous federal military  
2 installations, on which reservation and installations missiles,  
3 space vehicles, space launchers or components of any of the  
4 foregoing are tested; and

5 (2) "testing services" means planning,  
6 preparing or conducting tests of materials, components,  
7 assemblages, missiles, space vehicles or space launchers,  
8 maintaining or operating test facilities, including any  
9 construction related to a test, reporting test results and  
10 performing any associated administrative, support, development  
11 or management service. "

12 Section 6. A new section of the Gross Receipts and  
13 Compensating Tax Act, Section 7-9-54.5 NMSA 1978, is enacted to  
14 read:

15 "7-9-54.5. [NEW MATERIAL] DEDUCTION--COMPENSATING TAX--  
16 TEST ARTICLES.--

17 A. The value of test articles used in New Mexico  
18 exclusively for research or testing, placing on public display  
19 after research or testing or storage for future research,  
20 testing or public display may be deducted in computing  
21 compensating tax due. This subsection does not apply to any  
22 other use of a test article.

23 B. The value of equipment and materials used in New  
24 Mexico for research or testing, or for supporting the research  
25 or testing of, test articles or for storage of such equipment

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1 or materials for research or testing, or supporting the  
2 research and testing of, test articles may be deducted in  
3 computing compensating tax due. This subsection does not apply  
4 to any other use of such equipment and materials.

5 C. As used in this section, a "test article" is a  
6 material or device intended to be used in research or testing  
7 to determine properties and qualities of the material or  
8 device. "Test article", however, excludes any material or  
9 device used in nondestructive testing and subsequently used in  
10 its designed or intended application. "

11 Section 7. EFFECTIVE DATE. --The effective date of the  
12 provisions of this act is July 1, 2003.

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